

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (I-Bank)
501(c)(3) REVENUE BOND FINANCING PROGRAM**

STAFF REPORT

EXECUTIVE SUMMARY

Applicant:	Wildwood School Inc. (Wildwood or Borrower)	Amount Requested:	Not to exceed \$9,000,000
Applicant Description:	A California non-profit corporation operating a coeducational, independent private school serving kindergarten through 12 th grade.	Date of Board Meeting:	December 15, 2009
		Type of Issue:	Refunding and New Issue
		Resolution Number:	09-46
Project Site:	12201 Washington Place, Culver City 90066 and 11811 W. Olympic Blvd, Los Angeles, 90064	Prepared by: Andrea Kennedy and Tara Dunn	
Project Description:	I-Bank bonds (2009 Bonds) will be used to refund existing tax-exempt California Statewide Communities Development Authority (CSCDA), Series 1999 Bonds (1999 Bonds) and tax-exempt CSCDA, Series 2001 Bonds (2001 Bonds); and to finance additional improvements (together, the Project). The proceeds of the 1999 Bonds were used to construct and furnish a building addition and purchase technology equipment for an elementary school located at 12201 Washington Place, Culver City, California. The proceeds of the 2001 Bonds were used to renovate leased facilities and purchase technology equipment for a secondary school located at 11811 Olympic Boulevard, Los Angeles, California, and pay certain costs of issuance. Additional improvements will consist of conversion of two science labs into three labs with classroom space at the secondary school.		
Uses of Bond Proceeds:	Bond proceeds will be used to pay the costs of the Project and issuance costs.		
Public Benefits:	The Borrower estimates the refunding of the 1999 Bonds and the 2001 Bonds will result in a net present value savings of approximately \$3,682,006 which will be used to provide additional funding for financial aid and efforts of the Wildwood Outreach Center, that support public and independent schools to create small, learner-centered schools.		
Financing Structure:			
Type of Issue:		Privately placed fixed-rate loan with California Bank & Trust, a Qualified Institutional Buyer.	
Tax Status:		Tax-exempt 501(c)(3) loan.	
Term:		Not to exceed 20 years - 10 year term with an optional 10 year extension.	
Credit Rating:		None	
Est. Sources of Funds:		Est. Uses of Funds:	
Par amount of the bonds	\$9,000,000	Refund Series 1999	\$1,660,000
1999 Reserve Fund	297,500	Refund Series 2001	7,385,000
2001 Reserve Fund	700,050	Prepayment Premium, 2001 Bonds	147,700
		Construction of Improvements	400,000
		Contingency	204,850
		Costs of Issuance	200,000
TOTAL SOURCES	\$9,997,550	TOTAL USES	\$9,997,550
Financing Team:			
Bond and Disclosure Counsel:		Kutak Rock LLP	
Purchaser:		California Bank & Trust	
Placement Agent/Advisor		Zion's First National Bank	
Staff Recommendation:			
Staff recommends approval of Resolution 09-46 for an amount not to exceed \$9,000,000 for Wildwood School Inc.			

BACKGROUND AND HISTORY

History

Wildwood School (Wildwood or Borrower) was founded in 1971 by a group of parents who envisioned an elementary school curriculum that was experiential, academically challenging, project-based, and that honored the ways in which children learn. By 1993, the elementary school moved the kindergarten through 5th grade to its current site at 12201 Washington Place in Culver City (Washington Campus). The Washington Campus is owned and leased to Wildwood by the Culver City School District. The Washington Campus lease expires in 2015 and includes an option for Wildwood to extend the lease through 2045.

In September 2000, Wildwood opened a middle school and upper school serving grades 6-8 and 9-12, respectively, at 11811 W. Olympic Boulevard in Los Angeles (Olympic Blvd). The Olympic Blvd property is a 55,000 square-foot former film and television production facility in a busy commercial section of Los Angeles. It is owned and leased to Wildwood by an unrelated family trust. The Olympic Blvd lease expires in 2030.

In 2001 and 2002, the Bill & Melinda Gates Foundation awarded grants to Wildwood to support the Outreach Center, an initiative designed to demonstrate the benefits of small, learner-centered schools, using Wildwood as a model.

Enrollment & Tuition

Each year 48 new students, out of approximately 170 applications received, are accepted for kindergarten. An average of one to three openings arise due to attrition during the 1st through 5th grades. Wildwood has approximately 300 students enrolled in grades K - 5 and 400 students enrolled in grades 6-12 for the 2009-2010 school year. The 2009/2010 school year tuition is \$22,985 for grades K through 5th and \$28,950 for the 6th through 12th grades.

Curriculum & Accreditation

Wildwood structures its elementary school program into multi-age primaries that blend kindergarten through 2nd grade students into classes of 24 with a head and associate teacher. Wildwood's middle and upper school programs continue the philosophy of the elementary school by blending 7th and 8th grade, 9th and 10th grade, and 11th and 12th grade students, respectively, into classes with an average class size of 16 students.

Wildwood's upper school curriculum emphasizes the integration of all academic disciplines (e.g., math, science, history, literature) in the study of major cultural periods.

In addition to core subjects, 9th and 10th graders select a yearlong concentration in music, performing or visual arts. Juniors and seniors can choose electives in the arts as well as in numerous other subjects that lead to college-level work. Wildwood's internship program places juniors and seniors at job sites in an area of professional interest two afternoons a week.

Wildwood is fully accredited by the National Association of Independent Schools, California Association of Independent Schools and the Western Association of Schools and Colleges.

Community Involvement

In the elementary school, children help with a local food bank and organize book drives. The student club called the Green Team conducts recycling drives and spreads awareness about the environment in the community, and holds the annual "Trashion Show," featuring clever costumes made from used household items.

In the middle and upper school, community involvement is integrated as class time dedicated to off-site work with a local child services agency, local nursing homes, the homeless and families in need or at other local non-profit agencies.

Wildwood also offers an International Community Involvement (ICI) Program providing upper school students the opportunity to extend their community involvement to an international scale by spending spring break living, working, and learning abroad in destinations such as Uruguay, Argentina, Guatemala, Turkey, and Bulgaria.

Financial Aid

Approximately 10 percent of the student body receives \$2.1 million in financial aid annually. Part of the funds come from the Hope E. Boyd Endowment Fund, which was created by the Board of Trustees to support socio-economic diversity at Wildwood.

Outreach

The Wildwood Outreach Center is devoted to supporting public and independent schools create small, learner-centered schools. The Center utilizes onsite workshops, campus visits, summer institutes and mentorship opportunities to achieve this objective. Wildwood offers itself as a learning laboratory where school professionals can observe the theory of personalized education in practice. The workshops are funded from a combination of participant fees and Wildwood revenues, and are projected to be expanded with funding from the cost savings of the 2009 Bonds..

GOVERNANCE AND MANAGEMENT

The Board of Trustees are made up of 23 elected members who serve three year terms.

BOARD OF TRUSTEES	
Landis Green	Head of School
Lee Rosenbaum	Board Chair
Cynthia Berkshire	Vice Chairperson
Jeffrey Mirvis	Treasurer
Patti Halpert	Secretary
Ken Brecher	Member
Josh Donen	Member
Nancy Epstein	Member
Valerie Faris	Member
Marc T. Frankel	Member
Peter Frankfurt	Member
John Friedman	Member
Nina Houghton	Member
Nina Jacobson	Member
Selwyn Joffe	Member
Lew Kanengiser	Member
Shawn Levy	Member
Katie McGrath	Member
David O'Connor	Member
Lyle Poncher	Member
Marshall Rockwell	Member
Elizabeth Shepherd	Member
Monona Wali	Member
Daron Watts	Member
Lisa Flashner	Parent Organization Liaison

PROJECT DESCRIPTION

The plan of finance involves the financing of up to \$400,000 of additional improvements (described below) and the refunding of two existing tax-exempt obligations: a) the California Statewide Communities Development Authority (CSCDA), Series 1999 Bonds (1999 Bonds); and b) the tax-exempt California Statewide Communities Development Authority (CSCDA), Series 2001 Bonds (2001 Bonds), and costs of the premium for the 2001 Bonds. The proceeds of the 1999 Bonds were used to construct and furnish a building addition and purchase technology equipment for the elementary school located at 12201 Washington Place, Culver City, California. The proceeds of the 2001 Bonds were used to renovate leased facilities and purchase technology equipment for the secondary school located at 11811 Olympic Boulevard, Los Angeles, California, and to pay certain bond issuance costs.

Wildwood plans to spend approximately \$400,000 for additional improvements at the secondary school to reconfigure and convert two science labs into three labs combined with related classroom space. Currently, science classrooms are not adjacent to the two science labs, which interferes with the flow of student movement from one location to the other. The additional improvements will affect less than 1,000 square feet of the 55,000 square foot building.

FINANCING STRUCTURE

The Borrower is requesting approval for the issuance and sale of the 2009 Bonds as fixed-rate tax-exempt bonds in an amount not to exceed \$9,000,000. The 2009 Bond proceeds will be loaned to the Borrower pursuant to a loan agreement (Loan Agreement) with an initial 10-year term with an option to extend an additional 10 years (Loan). The 2009 Bonds will be privately placed with California Bank & Trust (Purchaser), a Qualified Institutional Buyer (QIB) as defined in Section 144(A) promulgated under the Securities Act of 1933, as amended.

Principal and interest due pursuant to the Loan Agreement shall be paid solely from the revenues to be received under the Indenture, which are primarily from the Borrower's payments under the Loan. In no event shall the Loan be deemed to constitute a debt or liability or obligation of the State or any political subdivision thereof except the I-Bank, or a pledge of the faith and credit or taxing power of the State or any political subdivision thereof, but shall be a special obligation of the I-Bank payable from Loan repayments payable by the Borrower to the I-Bank.

In accordance with the I-Bank "Policies and Procedures for Conduit Revenue Bond Financing for Economic Development Facilities" (Policies), the I-Bank's general policy is to issue bonds bearing certain minimum ratings. The Policies provide that the Board may waive the requirement for a credit rating where the applicant will use a private placement or limited underwriting offering structure subject to the following additional conditions:

1. **Sophisticated Investor.** The investor(s) will be required to sign a "sophisticated investor" letter acceptable to the Infrastructure Bank. Each investor must be a qualified institutional buyer within the meaning of S.E.C. Rule 144A, or an equivalent sophisticated investor with a demonstrated understanding of the risks associated with the municipal market, acceptable to the Infrastructure Bank.
2. **Resale Limitations.** Depending on the circumstances of the proposed sale, the Infrastructure Bank may require conditions for the resale of the Bonds after initial issuance.
3. **Minimum Denomination.** The Infrastructure Bank will require a minimum bond denomination of at least \$100,000 on private placements or limited underwritten offerings; denominations may be higher depending on the circumstances of the sale.

The financing structure of the 2009 Bonds is a private placement and requires the Board to waive the Policies' credit rating requirement and impose certain conditions on the financing. Specifically, pursuant to the terms of the financing documents for the 2009 Bonds, the Purchaser will sign a sophisticated investor letter (Letter) at closing certifying, among other things, that: (i) it is a Qualified Institutional Buyer or Accredited Investor, as appropriate; (ii) it has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the Loan and that it is able to bear the economic risks of such investment; and, (iii) it will prohibit the resale of its entire investment in the 2009 Bonds, except to another QIB or an Accredited Investor signing a Letter. The Purchaser will also certify in a Letter that it understands there is no liability on the part of the I-Bank or the State to make any payment on the Loan other than the I-Bank's limited obligation to make payments from revenues received from the Borrower.

PUBLIC BENEFITS

The Borrower estimates the refunding of the 1999 Bonds and the 2001 Bonds will result in present value savings to debt service cost of approximately \$2,038,637. The financial aid program currently serves 119 students. Wildwood projects the savings will be used to fund financial aid to approximately 100 students over the life of the savings, resulting in less pressure to raise tuition levels and slow the increase in cost to current and future families.

Wildwood also projects that a portion of the savings will be used to further underwrite and expand the Wildwood Outreach Center to lower the costs of outreach classes to educators in the public school system and to expand the program nationally. Wildwood estimates that two additional staff positions will be added at the center.

OTHER PROJECT DATA

PERMITS AND APPROVAL	
Required?	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES, Describe: Building permits will be required and obtained for the science lab construction.
TEFRA	
Date of TEFRA	December 10, 2009
Publications	<i>The Sacramento Bee</i> <i>Daily News</i> <i>Culver City News</i>
Oral/Written Comments Received	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES, Explain:
LEGAL QUESTIONNAIRE	
Completed?	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES
Issues?	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES, Explain:
ELIGIBILITY REVIEW	
Project meets Public Interest Criteria (per G.C. § 63046 and 63047(d)) <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	<ol style="list-style-type: none"> 1. The Project is in the State of California. 2. Borrower is capable of meeting its obligations incurred under the proposed loan agreement, and, in particular as to its loan repayment obligations which secure the loan, based upon the Purchaser's commitment to purchase the loan. Payments to be made by Borrower to the I-Bank under the proposed loan agreement are adequate to pay the current expenses of the I-Bank in connection with the financing and to make all the scheduled payments on the loan. 3. The proposed financing is appropriate for the Project. 4. The Project is consistent with any existing local or regional comprehensive plans.
The Project meets the Policies and Procedures for Conduit Revenue Bond Financing for Economic Development Facilities established as guidelines for I-Bank Staff by the Board: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	
INDUCEMENT CERTIFICATE	
Completed?	<input type="checkbox"/> NO <input type="checkbox"/> YES Certificate No.: <input checked="" type="checkbox"/> N/A Date:

RECOMMENDATION

Staff recommends approval of Resolution 09-46 for an amount not to exceed \$9,000,000 for Wildwood School Inc.

APPENDIX A–Campus Pictures



Chumash dwelling built by Wildwood elementary students.



The middle and upper school library.



Current science lab to be renovated.



Common area at Wildwood elementary school.